

DIVISION OF ACCOUNTS AND REPORTS POLICY AND PROCEDURE MANUAL

Revision Date 11/03/98

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SUBJECT

Key Deposit Funds at State Institutions

PURPOSE

Procedures for establishing, accounting for and reporting on key deposit funds at state institutions.

AUTHORITATIVE REFERENCE

K.S.A. 76-12a25

GENERAL INFORMATION

1. *Definitions:*

Key Deposit Fund: Moneys that employees pay to a state institution to be held as a security deposit for keys to the buildings or facilities of the state institutions.

“State Institutions” as defined by K.S.A. 76-12a01 or 76-12a18 and amendments thereto:

<i>Agency Number</i>	<i>Agency Name</i>
319	Topeka Juvenile Correctional Facility
325	Beloit Juvenile Correctional Facility
355	Atchison Juvenile Correctional Facility
363	Kansas Neurological Institute
410	Larned State Hospital
412	Larned Juvenile Correctional Facility
494	Osawatomie State Hospital
507	Parsons State Hospital
555	Rainbow Mental Health Facility

2. *Establishment of Key Deposit Fund.* Authority to establish a key deposit fund may be obtained by the superintendent, president or other chief administrative officer of any state institution from the Director of Accounts and Reports. An application form, DA-160, must be submitted for approval to the Director of Accounts and Reports.

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3. *Custody of Moneys of Key Deposit Funds.*

A. The chief administrative officer shall designate an officer or employee to have custody and to be in charge of all moneys held by the agency for key deposits. While not required by law, the generally accepted accounting principle of internal checks (separation of cashing, bookkeeping, and reconciling functions) should be adopted wherever possible; i.e. the custodian designated (cashier) should be responsible for collecting or accepting cash, issuing receipts to the depositor, depositing or investing moneys in accounts of financial institutions designated for such purpose by the Pooled Money Investment Board, issuing cash refunds, and drawing checks on such accounts; and a separate accountant or bookkeeper should be responsible for recording deposit records, control ledger, and employee records; while a third employee accountant or account clerk should be responsible for regularly reconciling the checkbook and savings balance(s) to the ledger, account, etc.

B. Operating procedures for each custodian and bookkeeper should be condensed to writing, for guidance of the employees involved and for post audit review. The written procedures should include the pro forma documents to be utilized, i.e. cash receipts, checks, payment vouchers, and ledger forms. See attached examples of pro forma documents, Payment Voucher Authorization (Exhibit A), Cash Receipts Voucher (Exhibit B), and Key Deposit Fund Ledger Account (Exhibit C). All "receipts", "payment vouchers" and "voucher checks" shall be pre-numbered serially in triplicate and one copy subsequently filed in a permanent file for post-audit purposes. The first and second copy of each set should be distributed to the Payor or Payee and the Accountant or Bookkeeper, as the case may be. The employee should be required to sign for cash refunds received.

C. An amount of money of the key deposit fund, as prescribed by the Director of Accounts and Reports, shall be retained at the state institution as cash on hand for making refunds of deposits to employees terminating employment at the state institution.

D. Moneys of the key deposit fund in excess of the amount retained for cash refunds shall be deposited (daily unless otherwise authorized) in an account(s) in a bank, savings and loan association or federally chartered savings bank, or a credit union. The Pooled Money Investment Board must designate the financial institution into which the key deposits fund moneys are deposited. See the attached pro forma application to Pooled Money Investment Board (Exhibit D). In addition, the bank, savings and loan association or federally chartered savings bank must be insured by the federal government or an agency thereof. The credit union must be insured with an insurer or guarantee corporation as required by K.S.A. 17-2246 and amendments thereto. The accounts shall

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be interest bearing except if otherwise directed by the Pooled Money Investment Board. The custodian shall keep a "checkbook" or "check stub" balance for such local accounts, completely posted, or other record of money in a comparative manner.

E. Regular withdrawals shall be made from one or more accounts described above to replenish cash on hand to the amount prescribed by the Director of Accounts and Reports.

F. Key deposits shall be forfeited if the employee loses the key. A new deposit is required if a replacement key is issued to the employee. Key deposits are also forfeited if the key is not returned to the supervisor on a date prescribed by the employee's supervisor. When an employee shall be returned to the state institution on the last day of employment or a date prescribed by the employee's supervisor.

4. *Reconciliation Procedures.* The designated accounting officer will reconcile the custodian's local checking account records to the financial institution's statements by preparing the Monthly Reconciliation of Financial Institution Account, DA-161 . The designated accounting officer will also reconcile the checking account balance and the various savings balances to the control ledger and employee accounts by preparing the Reconciliation of Key Deposit Fund, DA-162, at least monthly.
5. *Reporting Procedures.* The designated accounting officer will prepare a special Reconciliation of Key Deposit Fund annually for the fiscal year ended June 30. This report is to be supported by copies of the Monthly Reconciliation of Financial Institution Account for each month in the reporting period. This report is to be forwarded to the Division of Accounts and Reports, Central Accounting Services Section by July 25.
6. Interest earned on moneys invested and amounts of key deposits forfeited shall regularly (at least monthly) be transferred and credited to a fee fund of the state institution.

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Exhibit A

(Agency Name) (Address)	PAYMENT VOUCHER AUTHORIZATION FOR KEY DEPOSIT FUND (Official Receipt)		No. 36332	
Pay to:		SSN:		
CLASSIFICATION OF PAYMENTS				
Cash Receipts Voucher for Key Deposit number	Sub-Account	Account No.	Amount	
		TOTAL		
INSTRUCTIONS: WHITE for payee; BLUE for bookkeeper; ORANGE for cashier.	Payment Authorized Date _____		Check No. Issued:	
	Signature _____			
Received by _____		Date _____		
Signature (Payee)				

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Exhibit B

(Agency Name) (Address)	CASH RECEIPTS VOUCHER FOR KEY DEPOSIT (Official Receipt)		No. 36334
Received from: _____		SSN: _____	
Work location: _____			
CLASSIFICATION OF RECEIPTS			
Description of Key Access	Sub-Account	Account No.	Amount
		TOTAL	
This deposit will be forfeited by the employee if the key is lost or the key is not returned on a date prescribed by the employee's supervisor. INSTRUCTIONS: WHITE for payee; BLUE for bookkeeper; ORANGE for cashier.	Valid when receipted here _____ Signature	Date _____	

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Exhibit C[illegible]

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Exhibit D

(Agency Letterhead)

Director of Investments
Pooled Money Investment Board
Room 209-N, LSOB
Topeka, Kansas 66612-1220

Dear _____:

Re: _____ Key Deposit Fund Account

_____ has custody of a key deposit fund authorized under K.S.A. 76-12a25. Pursuant to this act, moneys of key deposit funds shall be deposited or invested in an interest bearing account of a bank, a savings and loan association or a federally chartered savings bank, which bank, association or savings bank is insured by the federal government or an agency thereof, or in a credit union which is insured with an insurer or guarantee corporation as required under K.S.A. 17-2246.

I recommend that the Pooled Money Investment Board designate the following financial institution(s) as a depository for the _____ key deposit fund account(s) listed below because _____.

<u>Title of Deposit Account</u>	<u>Recommended Financial Institution</u>	<u>Estimated Size of Deposit Account Balance</u>
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Sincerely,

(signed)

Chief Administrative Officer